

ELECTRONICALLY FILED
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[Proposed] Counsel for the Official Committee Of
Equity Security Holders Of USA Capital First Trust
Deed Fund, LLC

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:	)	BK-S-06-10725-LBR
USA COMMERCIAL MORTGAGE COMPANY,	)	Chapter 11
Debtor.)	
In re:	)	BK-S-06-10726-LBR
USA CAPITAL REALTY ADVISORS, LLC,	)	Chapter 11
Debtor.)	
In re:	)	BK-S-06-10727-LBR
USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,	)	Chapter 11
Debtor.)	
In re:	)	BK-S-06-10728-LBR
USA CAPITAL FIRST TRUST DEED FUND, LLC,	)	Chapter 11
Debtor.)	
In re:	)	BK-S-06-10729-LBR
USA SECURITIES, LLC,	)	Chapter 11
Debtor.)	

Affects

☒ All Debtors
☐ USA Commercial Mortgage Co.
☐ USA Securities, LLC
☐ USA Capital Realty Advisors, LLC
☐ USA Capital Diversified Trust Deed
☐ USA First Trust Deed Fund, LLC

Date: June 5, 2006
Time: 9:30 a.m.
Place: Courtroom #2

**LIMITED OPPOSITION TO THE APPLICATION FOR ORDER AUTHORIZING THE
EMPLOYMENT OF HILCO REAL ESTATE LLC/HILCO REAL ESTATE
APPRAISAL, LLC AS THE DEBTORS' REAL ESTATE APPRAISER
(AFFECTS ALL DEBTORS)**

1 **TO THE HONORABLE LINDA B. RIEGLE, UNITED STATES BANKRUPTCY JUDGE:**

2 The Official Committee of Equity Security Holders of USA Capital First Trust
3 Deed Fund, LLC (the "First Trust Deed Committee") appointed in the above-captioned
4 bankruptcy cases (the "Chapter 11 Cases"), hereby files this Limited Opposition to the
5 "Application For Order Authorizing The Employment Of Hilco Real Estate LLC/Hilco Real
6 Estate Appraisal, LLC As The Debtors' Real Estate Appraiser (Affects All Debtors) (the "Hilco
7 Application") filed by USA Commercial Mortgage Company ("USACM"), on behalf of itself
8 and its affiliated debtors (each, a "Debtor" and, collectively, the "Debtors"), and respectfully
9 states as follows:

10 Pursuant to the Hilco Application, the Debtors seek to engage Hilco for three
11 types of services as follows:

12 (1) Hilco would be engaged, for a flat fee, to perform valuation services related to
13 appraising the property securing the Debtors' loans.

14 (2) Hilco would be engaged, pursuant to an hourly compensation structure, to
15 provide expert witness, consulting and advisory services on real estate matters, as necessary.

16 (3) Hilco would be retained, on an exclusive basis with a commission-based
17 compensation structure, for services relating to the disposition of property.

18 While the First Trust Deed Committee does not oppose the retention of Hilco for
19 the first two types of services, it is premature, at this time, to engage Hilco to perform disposition
20 services, especially on an exclusive basis with pre-set commission rates. After the valuation
21 work is completed, the Debtors will then be in a position to adequately market the disposition
22 services it requires. Only then can the Debtors determine if Hilco is the right professional, with
23 best compensation structure, to dispose of the underlying property.

24 Counsel for the First Trust Deed Committee has engaged Hilco in preliminary
25 discussions regarding its concerns with the terms of the Agreement. Attached hereto as Exhibit
26 "1" is a redline version of the Agreement that has been marked to show the changes that the First
27 Trust Deed Committee has made to address its concerns. As of the date of this filing, the parties
28 had not resolved the issue.

1 **WHEREFORE**, the First Trust Deed Committee hereby requests that the Court
2 enter an Order approving the Hilco Application, as modified herein, and approve the Agreement
3 attached hereto as Exhibit "1," without prejudice to the Debtors seeking the retention of Hilco to
4 provide additional services at the appropriate time.

5
6 Respectfully submitted this 26th day of May, 2006.

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8 _____
 /s/ Eve H. Karasik

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11 FRANK A. MEROLA (CA State Bar No. 136934), and
12 EVE H. KARASIK (CA State Bar No. 155356), Members of
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25 OF USA CAPITAL FIRST TRUST DEED FUND, LLC
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